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AUTHORITY: Secs. 1102 and 1871 of the Social Security Act (42 U.S.C. 1302 and 1395).

SOURCE: 64 FR 66279, Nov. 24, 1999, unless otherwise noted.

Subpart A—Basis, Scope, and Definitions**§ 460.2 Basis.**

This part implements sections 1894, 1905(a), and 1934 of the Act, which authorize the following:

- (a) Medicare payments to, and coverage of benefits under, PACE.
- (b) The establishment of PACE as a State option under Medicaid to provide for Medicaid payments to, and coverage of benefits under, PACE.

§ 460.4 Scope and purpose.

(a) *General.* This part sets forth the following:

- (1) The requirements that an entity must meet to be approved as a PACE organization that operates a PACE program under Medicare and Medicaid.
- (2) How individuals may qualify to enroll in a PACE program.
- (3) How Medicare and Medicaid payments will be made for PACE services.
- (4) Provisions for Federal and State monitoring of PACE programs.
- (5) Procedures for sanctions and terminations.

(b) *Program purpose.* PACE provides pre-paid, capitated, comprehensive health care services designed to meet the following objectives:

- (1) Enhance the quality of life and autonomy for frail, older adults.
- (2) Maximize dignity of, and respect for, older adults.
- (3) Enable frail, older adults to live in the community as long as medically and socially feasible.
- (4) Preserve and support the older adult's family unit.

§ 460.6 Definitions.

As used in this part, unless the context indicates otherwise, the following definitions apply:

Contract year means the term of a PACE program agreement, which is a calendar year, except that a PACE organization's initial contract year may be from 12 to 23 months, as determined by HCFA.

Medicare beneficiary means an individual who is entitled to Medicare Part A benefits or enrolled under Medicare Part B, or both.

Medicaid participant means an individual determined eligible for Medicaid who is enrolled in a PACE program.

Medicare participant means a Medicare beneficiary who is enrolled in a PACE program.

PACE stands for programs of all-inclusive care for the elderly.

PACE center means a facility operated by a PACE organization where primary care is furnished to participants.

PACE organization means an entity that has in effect a PACE program agreement to operate a PACE program under this part.

PACE program agreement means an agreement between a PACE organization, HCFA, and the State administering agency for the operation of a PACE program.

Participant means an individual who is enrolled in a PACE program.

Services includes both items and services.

State administering agency means the State agency responsible for administering the PACE program agreement.

Trial period means the first 3 contract years in which a PACE organization

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operates under a PACE program agreement, including any contract year during which the entity operated under a PACE demonstration waiver program.

Subpart B—PACE Organization Application and Evaluation

§ 460.10 Purpose.

This subpart sets forth application requirements for an entity that seeks approval from HCFA as a PACE organization.

§ 460.12 Application requirements.

(a) *General.* (1) An individual authorized to act for the entity must submit to HCFA a complete application that describes how the entity meets all requirements in this part.

(2) HCFA evaluates only complete applications from entities located in States with approved State plan amendments electing PACE as an optional Medicaid benefit.

(3) HCFA accepts applications from entities that seek approval as PACE organizations beginning on February 22, 2000 except for the following:

(i) Beginning on November 24, 1999, HCFA accepts applications from entities that meet the requirements for priority consideration in processing of applications, as provided in § 460.14.

(ii) Beginning on January 10, 2000, HCFA accepts applications from entities that meet the requirements for special consideration in processing applications, as provided in § 460.16.

(b) *State assurance.* An entity's application must be accompanied by an assurance from the State administering agency of the State in which the program is located indicating that the State—

(1) Considers the entity to be qualified to be a PACE organization; and

(2) Is willing to enter into a PACE program agreement with the entity.

§ 460.14 Priority consideration.

Until August 5, 2000, HCFA gives priority consideration in processing applications for PACE organization status to an entity that meets either of the following criteria:

(a) Is operating under PACE demonstration waivers under one of the following authorities:

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(1) Section 603(c) of the Social Security Amendments of 1983, as extended by section 9220 of the Consolidated Omnibus Budget Reconciliation Act of 1985.

(2) Section 9412(b) of the Omnibus Budget Reconciliation Act of 1986.

(b) Has applied to operate under a PACE demonstration under section 9412(b) of the Omnibus Budget Reconciliation Act of 1986 as of May 1, 1997.

§ 460.16 Special consideration.

Until August 5, 2000, HCFA gives special consideration in processing applications to an entity that meets the following conditions:

(a) Indicated, by May 1, 1997, a specific intent to become a PACE organization through formal activities.

(b) Includes documentation of its formal activities.

§ 460.18 HCFA evaluation of applications.

HCFA evaluates an application for approval as a PACE organization on the basis of the following information:

(a) Information contained in the application.

(b) Information obtained through on-site visits conducted by HCFA or the State administering agency.

(c) Information obtained by the State administering agency.

§ 460.20 Notice of HCFA determination.

(a) *Time limit for notification of determination.* Within 90 days after an entity submits a complete application to HCFA, HCFA takes one of the following actions:

(1) Approves the application.

(2) Denies the application and notifies the entity in writing of the basis for the denial and the process for requesting reconsideration of the denial.

(3) Requests additional information needed to make a final determination.

(b) *Additional information requested.* If HCFA requests from an entity additional information needed to make a final determination, within 90 days after HCFA receives all requested information from the entity, HCFA takes one of the following actions:

(1) Approves the application.